

A Message from Retirement Board Chairman, Jody B. Olson

## Choice Plan investment options available in May 2001

By now, each of you should have received the new PERSI video backpack. I strongly urge you to take 15 minutes to play the tape to learn more about your retirement. It's not just for people nearing retirement. In fact, the younger you are, the more valuable the information. Fifteen minutes... come on, invest the time!

Recently, your Board members selected the investment options that will be available for you in the Choice Plan. If you received gain sharing in February, you will be able to redirect this investment in May.

The funds were recommended to us by an international investment consulting firm that was selected to recommend the asset classes and to perform the search for investment managers. The selected funds offer a variety of different investment types including large,

mid and small capitalization U.S. equity, international equity, index funds and stable value. Based on the independent research, we feel these funds are currently some of the best investment managers available. We also feel that most members of the Choice Plan should be able to meet their investment objectives with these funds. See page 2 for fund information.

Beginning in May 2001, you will be able, if you wish, to transfer all or a portion of your Choice Plan funds from the default PERSI Total Return Fund among these other funds. You may be in as many of the different funds as you wish, and you may transfer among the funds as often as you want to. You may change funds or obtain more information on the various funds beginning in May by calling toll free 1-866-ID-PERSI (1-866-437-3774) or visiting the

Choice Plan website at [www.persi.state.id.us/choice.htm](http://www.persi.state.id.us/choice.htm). You must have your Social Security and PIN numbers to change funds.

Thanks to a recently passed law (HB38), every active PERSI member (whether or not you received Gain Sharing) will be able to make voluntary pre-tax contributions to the Choice Plan. You may begin to make voluntary contributions to the Choice Plan in July 2001 (depending on your employer's ability to handle such contributions). Information on this will be provided later.

For now, learning about your options and how to maximize your retirement savings will pay huge benefits in a few short years. I hope that you decide to utilize PERSI's educational materials and take an active role in participating in and contributing to your Choice Plan. ♦

## Education opportunities

You have several ways to learn about your PERSI plans, fund options and financial planning information.

**On-line** [www.persi.state.id.us/choice.htm](http://www.persi.state.id.us/choice.htm)

### Toll-free phone

Choice Plan: Toll-free 1-866-ID-PERSI (1-866-437-3774)

Base Plan: 1-800-451-8228

Financial Education: 1-800-453-0321

**Video Backpack** If you did not receive yours, call 1-800-453-0321.

**Live Presentations** We'll visit employers all over Idaho during the next year to provide live presentations. We will send posters and paycheck stuffers to alert you when we'll be in your area. Schedules also are available by fax by calling 1-800-453-0321.



# PERSI Choice Plan Investment Options

## PERSI Total Return Fund

[www.persi.state.id.us/choice.htm](http://www.persi.state.id.us/choice.htm)

Toll free 1-866-ID-PERSI

Invests the assets of the Base Plan. It is a diversified fund that generally invests 45-55% in US equities, 15-25% in international equities, and some 30% in fixed income. Includes primarily publicly traded stocks and bonds, with some private holdings in real estate, private equity and commercial mortgages.

## Large Capitalization Core Equity

**Vanguard Growth & Income** (VQNPX)

[www.vanguard.com](http://www.vanguard.com)

Seeks stocks that appear to be undervalued by the market and that, as a group, appear likely to provide higher returns than the unmanaged S&P 500 index, a widely recognized benchmark of U.S. stock market performance, while having similar risk characteristics.

## Mid Capitalization Core Equity

**Dreyfus Premier Mid Cap Stock R** (DDMRX)

[www.dreyfus.com](http://www.dreyfus.com)

Seeks investment returns (consisting of capital appreciation and income) that are consistently superior to the S&P 400 Midcap Index. The fund invests 65%+ of assets in a blended portfolio of growth and value stocks of medium-size companies (market values range between \$200 million and \$10 billion).

## Small Capitalization Core Equity

**Aetna Small Company I** (AESGX)

[www.aetnafinancial.com](http://www.aetnafinancial.com)

Seeks growth of capital primarily through investment in a diversified portfolio of common stocks and securities convertible into common stocks of companies with smaller market capitalizations.

## International Equity Core

**Brandes Intl. Institutional Equity** (BIIEIX)

[www.brandes.com](http://www.brandes.com)

Seeks long-term capital appreciation. Invests 65%+ of assets in equities of issuers located in no less than three foreign countries. Typically invests in large-cap companies.

## Core Plus Fixed Income

**Dodge and Cox Income** (DODIX)

[www.dodgeandcox.com](http://www.dodgeandcox.com)

Seeks a high and stable rate of current income, consistent with long-term preservation of capital. A secondary objective is to take advantage of opportunities to realize capital appreciation.

## Stable Value Fixed Income

**SEI Stable Asset Fund**

[www2.seic.com](http://www2.seic.com)

Seeks to provide high fixed-income returns, similar to intermediate-term bonds of comparable quality, while preserving principal and reducing risk.

## S&P 500 Index

**Mellon EB Daily Liquidity Stock Index**

Toll free 1-866-ID-PERSI

Seeks to match the performance of the Standard & Poor's 500 Index. The Fund employs full replication, holding each company in proportion to its market capitalization weight in the Index.

## Wilshire 5000 Index

**State Street Global Advisors Wilshire 5000 Index**

Toll free 1-866-ID-PERSI

Seeks to replicate the returns and characteristics of the Wilshire 5000 Index, combined with the foreign securities contained in the S&P 500 Index.

## Lehman Brothers Aggregate Index

**Mellon EB LB Aggregate Index Fund**

Toll free 1-866-ID-PERSI

Investment Grade U.S. Bond Index Fund. Seeks to replicate the performance of the Lehman Brothers Aggregate Index with securities from each industry, quality, and duration sector of the Index.

## EAFE Index

**State Street Global Advisors EAFE Index**

Toll free 1-866-ID-PERSI

International Equity Index Fund. EAFE is an acronym for the *Europe and Australasia, Far East* equity index. Seeks to match the performance of the MSCI EAFE Index while providing low-cost, broadly diversified, non-U.S. exposure.

# Taking A Choice Plan Withdrawal

Once you end PERSI-covered employment you may withdraw your Choice funds or you may leave them in until a future date or retirement.

A payment from the Choice Plan may be taken in several ways, but your options depend on your account balance on the date you request distribution and whether or not you are retiring. If your balance is more than \$5,000 and you are retiring or disabled, or are age 50 or more, you may choose any of the options or a combination of options. If your account balance is \$5,000 or less, or you are younger than 50, you may choose only options A, B, C or D, or a combination of those options.

**A. Purchase Base Plan Service** You may convert all or a portion of your Choice account to purchase up to four years of service under the Base Plan. *For this option, you must be going directly into PERSI retirement.*

## B. Lump Sum Paid Directly To You

Any funds paid to you are subject to a mandatory 20% federal income tax withholding and applicable state

income tax withholding. You may also incur a federal 10% penalty if you are under the age of 59 1/2.

## C. Leave Your Funds in the Choice Plan

You may leave your funds in the Choice Plan until a later date or until retirement. By leaving your money in, you defer paying taxes. *You will be responsible for the record keeping fees to maintain this account.*

## D. Rollover to an IRA or Other Plan

You may transfer your Choice account balance via direct rollover into an Individual Retirement Account (IRA) or other qualified retirement plan. By transferring your money directly, you defer paying taxes.

**E. Installment Payments** You may receive monthly payments of your Choice account until account exhaustion in one of two ways :

- 1) in a fixed monthly amount, or
- 2) in substantially equal monthly payments over a fixed period.

Installment payments are available only upon retirement or disability. *You will be responsible for record keeping fees to maintain this account during the time the payments are made.*

If married, your spouse's consent is required before a withdrawal is paid.

A Choice Plan payment can have important financial and tax-related effects. We suggest that you consult with your tax advisor.

If you have Choice Plan questions, call toll free **1-866-ID-PERSI** or visit [www.persi.state.id.us/Choice.htm](http://www.persi.state.id.us/Choice.htm).

For Base Plan information, call 1-800-451-8228 or 334-3365. ◆

# PERSI Total Return Fund is Choice Plan default option

The default investment option for your new Choice Plan is the PERSI Total Return Fund (TRF).

## TRF is extremely diversified

The TRF, with some \$7 billion in assets, is extremely diversified among US and international stocks, large to small cap funds and more for a competitive return at a lower risk.

## PERSI is stable value

Think of your Gain Sharing/Choice Plan as just one piece of your retirement savings. Your PERSI Base Plan and your Social Security can be considered as your Stable Value Funds. If your Base Plan and Social Security provide you some 70 - 80% of what you need in retirement, your other investments are about 20 - 30% of your retirement savings. You may be more aggressive with these funds due to the stability of the rest.

## PERSI doesn't time the markets

PERSI does NOT try to time the market. We are in this for the long haul. Of course there will be market fluctuations, but historically the stock market has averaged about 10%. The double-digit returns of the past decade have been phenomenal, but they may not have continued forever. We might be returning to a period of more average returns.

## Other investment options will be available in May 2001

The alternative investment options described on page 1 and 2 will be available in May 2001. You may transfer all or a portion of your Choice funds by calling toll-free 1-866-ID-PERSI. ◆

**I D A H O**

**PERSpectives**

Public Employee Retirement System of Idaho

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# Retirees offer thanks for Gain Sharing



Retirement Board Chairman, Jody B. Olson, with some of the many Gain Sharing thank you notes PERSI has received from retirees.

PERSI's retirees are a wonderful bunch of people. We have received countless letters, phone calls and e-mails from retirees thanking us for their Gain Sharing 13<sup>th</sup> Checks. Rarely would so many people take the time to impart such kind words to a public institution. The thanks and comments we've received are greatly appreciated and reaffirm our belief that Idaho's retirees are the best anywhere. Here are comments from just a few of the many kind notes we've received:

"We wish to thank you for the 13<sup>th</sup> check. It isn't often that you receive such a nice gift. I assure you that it is deeply appreciated with a glad heart. In fact, we are overwhelmed." Mr. & Mrs. Lund E. Christensen

"You are doing an outstanding job with PERSI. It appears to be one of the best-funded

retirement systems around, thanks to your innovation and hard work. I hear many conversations about the financial aspects of retirement. Few seem to come close to matching up to PERSI." Sharon Ireton

"A big thank you for handling our retirement money so efficiently! I've enjoyed buying some long put-off items and am having a blast. Thank you for a much welcomed windfall." Dixie Thomas

"Just wanted to thank you for the money you sent. When I got your letter telling me it was no mistake I couldn't believe that a company would share their profits with everyone. Thank you so much - you're the kind of company I'd like to have worked for - honest, kind and considerate." Mrs. Mrytle Bren

"I want to thank you so much for the check I received. It sure did

help a lot to pay my bills after Christmas. Thanks a million."  
Pauline E. Myers

"A big thank you for the 13<sup>th</sup> check. It is sure appreciated. We appreciate the work you do."  
Victor and Mary Barfuss

"Thank you for the extra hours and hard work that all the PERSI staff put into making gain sharing a reality. For us, it helped replace some much needed living room furniture. This was fun for us; the receivers." Bob and Janice Stone

"Thank you for your efficient handling of our retirement funds. I am thankful to be living in Idaho where I can count on the integrity of my fellow citizens." Lotte K. Franklin

"I want you to know I am very grateful for the check that helped me pay off my high heating bill for the winter."  
Elizabeth Joy Huskinson

"This is just a 'note-of-thanks' for the 13<sup>th</sup> deposit. It was fairly small and may not mean much to the majority, but when you're on a very limited income, it seems like a windfall." Richard J. Dodge

"To the PERSI staff who made this gain sharing possible! What a happy surprise! Now I can put new carpet on my floor. Thank you, thank you, thank you."  
Marjory B. Fullmer ♦